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MARK D. WALDRON
Chapter 11 Trustee
6711 Regents Blvd. W., Suite B
Tacoma, WA 98466
Telephone: (253) 565-5800

The Honorable Frederick P. Corbit
Chapter 11

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WASHINGTON

In Re:)
GIGA WATT INC.)
Debtor.)
—————)
Case No. 18-03197-FPC11
CHAPTER 11 TRUSTEE'S MONTHLY
FINANCIAL REPORT FOR
SEPTEMBER 2019

COMES NOW Mark D. Waldron, the Court-appointed and acting Chapter 11 Trustee in the above proceeding, and files this Monthly Financial Report for the month of September 2019. Attached to this report are the Ledger Report (Exhibit 1), Operating Statement (Exhibit 2), and bank statement for September 2019 (Exhibit 3), incorporated herein by reference. Also attached is a detailed narrative report from Court-appointed consultant Douglas Pratt regarding Giga Watt's mining operations for September 2019 (Exhibit 4), incorporated herein by reference.

Significant developments during reporting period:

1. Moses Lake Facility. The Estate continues to operate the Moses Lake facility. Mining revenues for September 2019 at Moses Lake were \$246,401.92, with an additional \$24,765.80 of revenue from subtenant Eco Diversified Holdings for its



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1 proportional obligation for the August 2019 utilities. The Estate is continuing payments on
2 an accelerated repayment schedule to the landlord at the Moses Lake facility. Rent and
3 utility payments are current and the Estate continues the efforts to repay the past due
4 amounts which existed when the Trustee took over operations.

5 2. TNT Facility. By Order entered on August 29, 2019 (Docket No. 365), the
6 Court authorized the re-opening of the TNT facility and authorized a DIP loan in the
7 amount of \$200,000.00. Pursuant to that Order and pending a final order, the DIP loan
8 was funded in the partial amount of \$158,512.00 (including a \$4,000.00 origination fee to
9 Lender). A deposit was paid to the Douglas County PUD in the amount of \$98,925.00, as
10 well as \$53,820.00 for utility arrears and a \$1,767.00 connection fee. Power and internet
11 service was restored and Debtor restarted operations at the TNT facility on September 10,
12 2019. Mining revenues at TNT for September 2019 were \$24,710.61. Rent and utility
13 payments are current.

14 3. The Court-appointed CPA continues to prepare Debtor's required monthly
15 tax reports, specifically the Department of Revenue reporting, and the Estate continues to
16 pay the corresponding B&O taxes due. At month end, the Debtor was not delinquent on
17 any post-petition tax obligations.

18 4. For purposes of calculating the Debtor's obligations under 28 USC 1930(a)(6)
19 to pay a quarterly fee to the United States Trustee, **TOTAL DISBURSEMENTS** for the
20 month of September 2019 were **\$456,645.28**. The Trustee continues to file Monthly
21 Financial Reports and pay the quarterly U.S. Trustee fees pursuant to the current rate
22 schedule. Third Quarter 2019 U.S. Trustee fees in the amount of \$12,882.92 were paid
23 on October 1, 2019. All U.S. Trustee fee payments and all Monthly Financial Reports are
24 current.

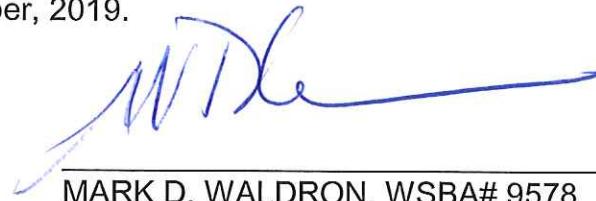


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1 5. It should be noted that due to the deposit paid to Douglas County PUD
2 (\$98,925.00) and the fact that Eco Diversified Holdings' rent payment for September
3 (\$9,000.00) was actually received and included in the August operations, the bottom line
4 in the attached Operating Statement for September is skewed. Additionally, start-up costs
5 at the TNT facility and market fluctuation of Litecoin and Bitcoin in September effected the
6 net operations.

7 I certify under penalty of perjury that the information contained in this Monthly
8 Financial Report is complete, true, and accurate to the best of my knowledge, information
9 and belief.

10 **DATED** this 15th day of October, 2019.



11 MARK D. WALDRON, WSBA# 9578
12 Chapter 11 Trustee for the Estate of
13 Giga Watt Inc.



14 Law Offices of Mark D. Waldron
15 6711 Regents Blvd. W., #B
16 Tacoma, WA 98466
17 Telephone: 253.565.5800
18 email: mark@mwaldronlaw.com

EXHIBIT 1

Ledger Report

Page: 1

Case Number: 18-03197-FPC11 FPC
 Case Name: GIGA WATT INC.

Taxpayer ID #: 81-4797010
 Period: 09/01/19 - 09/30/19

Trustee: Mr. Mark D. Waldron (670070)
 Bank Name: Metropolitan Commercial Bank
 Account: *****25 - Checking Account
 Blanket Bond: \$0.00 (per case limit)
 Separate Bond: N/A

Trans. Date	{Ref #} / Check #	Paid To / Received From	Description of Transaction	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
09/04/19		Public Utility District No. 1 of Douglas County	Payment to resume electrical service to TNT facility (\$53,820 arrears, \$98,925 deposit, \$1767 connection fee)	6010-000		154,512.00	77,526.18
09/05/19		Moses Lake facility	Mining operations	4001-000	60,814.95		138,341.13
09/09/19		MLDC I, LLC	100% of Moses Lake revenue	6003-000		60,814.95	77,526.18
09/12/19		Moses Lake facility	Mining operations	4001-000	64,429.33		141,955.51
09/13/19		Eco Diversified Holdings	Utilities for August 2019, Pod 8 of Parcel E pods Moses Lake	4099-000	24,765.80		166,721.31
09/13/19	238	Washington State Department of Revenue	604-067-749, Giga Watt, Inc., B&O taxes due for August 2019	6006-002		5,334.32	161,386.99
09/13/19	239	Stretto	Invoice #3092	6007-000		5,976.99	155,410.00
09/13/19	240	Waste Management of Wenatchee	Customer ID #19-19019-33003, Invoice #1821692-2674-9	6010-000		124.28	155,285.72
09/13/19		MLDC I, LLC	77% of Moses Lake revenue (through 9-12-19)	6003-000		49,610.58	105,675.14
09/19/19		Moses Lake (\$64,837.22) and TNT (\$7,941.93) facilities	Mining operations	4001-000	72,779.15		178,454.29
09/20/19		MLDC I, LLC	77% of Moses Lake revenue (through 9-19-19)	6003-000		49,924.66	128,529.63
09/23/19	241	Lauren Miehe	Invoice dated 9-22-19 (work at TNT facility through 9-20-19)	6007-013		4,275.00	124,254.63
09/23/19	242	Lauren Miehe	Invoices dated 9-8-19 & 9-22-19 (Moses Lake facility through 9-20-19)	6007-013		1,912.50	122,342.13
09/23/19	243	Lauren Miehe	Reimbursement for costs at TNT facility (Invoices dated 9-8-19 & 9-22-19)	6007-014		749.74	121,592.39
09/23/19	244	Allen Oh	Invoices #27 and #28, Moses Lake facility through 9-20-19	6007-013		6,000.00	115,592.39
09/23/19	245	Austin Harrison	Invoice dated 9-22-19 (Moses Lake facility through 9-21-19)	6007-013		2,400.00	113,192.39
Subtotals :							\$222,789.23
Subtotals :							\$341,635.02

{ Asset reference(s)

Ledger Report

Case Number: 18-03197-FPC11 FPC
 Case Name: GIGA WATT INC.

Taxpayer ID #: 81-4797010
 Period: 09/01/19 - 09/30/19

Trustee: Mr. Mark D. Waldron (670070)
 Bank Name: Metropolitan Commercial Bank
 Account: *****25 - Checking Account
 Blanket Bond: \$0.00 (per case limit)
 Separate Bond: N/A

Trans. Date	{Ref#} / Check #	Paid To / Received From	Description of Transaction	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
09/23/19	246	Skyler Simpson	Invoice dated 9-22-19 (Moses Lake facility through 9-20-19), less overpayment of \$375.00 on invoice dated 9-8-19 Voided on 09/23/19	6007-013		1,625.00	111,567.39
09/23/19	246	Skyler Simpson	Invoice dated 9-22-19 (Moses Lake facility through 9-20-19), less overpayment of \$375.00 on invoice dated 9-8-19 Voided: check issued on 09/23/19	6007-013		-1,625.00	113,192.39
09/23/19	247	Porfirio Jaimes	Invoice dated 9-22-19 (Moses Lake facility through 9-22-19), plus \$17.00 owed on invoice dated 9-8-19	6007-013		1,543.25	111,649.14
09/23/19	248	David Knowles	Invoice dated 9-22-19 (TNT facility through 9-20-19)	6007-013		1,022.00	110,627.14
09/23/19	249	TNT Business Complexes, LLC	Lease payment for October 2019 (TNT facility)	6003-000		11,600.00	99,027.14
09/23/19	250	Skyler Simpson	Invoice dated 9-22-19 (Moses Lake), less \$275.00 overpayment on invoice dated 9-8-19	6007-013		1,225.00	97,802.14
09/23/19	251	Skyler Simpson	Invoice dated 9-22-19 (TNT facility through 9-20-19)	6007-013		400.00	97,402.14
09/26/19		Moses Lake (\$56,320.42) and TNT (\$16,768.68) facilities	Mining operations	4001-000	73,089.10		170,491.24
09/27/19		MLDC I, LLC	Rent / utilities due for Moses Lake facility (September 2019)	6003-000		99,220.01	71,271.23

{} Asset reference(s)

Subtotals :

\$73,089.10

\$115,010.26

Ledger Report

Case Number: 18-03197-FPC
 Case Name: GIGA WATT INC.

Taxpayer ID #: 81-4797010
 Period: 09/01/19 - 09/30/19

Trustee: Mr. Mark D. Waldron (670070)
 Bank Name: Metropolitan Commercial Bank
 Account: *****25 - Checking Account
 Blanket Bond: \$0.00 (per case limit)
 Separate Bond: N/A

Trans. Date	{Ref #} / Check #	Paid To / Received From	Description of Transaction	ACCOUNT TOTALS	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
TOTAL - ACCOUNT *****25								
			Balance Forward	232,038.18				
1	Deposits	24,765.80	14		Checks	42,563.08		
0	Interest Postings	0.00	5	Adjustments Out		414,082.20		
	Subtotal	\$256,803.98	0	Transfers Out		0.00		
4	Adjustments In	271,112.53		Total		\$456,645.28		
0	Transfers In	0.00						
	Total	\$527,916.51						\$71,271.23

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GIGA WATT INC. (18-03197-FPC11)

Operating Statement

Page: 1

Period: 09/01/19 - 09/30/19

Income

4001-000 Revenue from Operating Business				
4001-000 Revenue from Operating Business				
09/05/19	Dep. Adj.: 53	3910019625	Moses Lake facility Mining operations	\$60,814.95
09/12/19	Dep. Adj.: 55	3910019625	Moses Lake facility Mining operations	\$64,429.33
09/19/19	Dep. Adj.: 57	3910019625	Moses Lake (\$64,837.22) and TNT (\$7,941.93) facilities Mining operations	\$72,779.15
09/26/19	Dep. Adj.: 59	3910019625	Moses Lake (\$56,320.42) and TNT (\$16,768.68) facilities Mining operations	\$73,089.10
				\$271,112.53
4099-000 Other Receipts				
4099-000 Other Receipts				
09/13/19	Deposit: 100013-1	3910019625	Eco Diversified Holdings Utilities for August 2019, Pod 8 of Parcel E pods Moses Lake	\$24,765.80
				\$24,765.80

Total Income**\$295,878.33****Expenses**

6003-000 Admin. Rent				
6003-000 Admin. Rent				
09/09/19	Disb. Adj.: 54	3910019625	MLDC I, LLC 100% of Moses Lake revenue	\$60,814.95
09/13/19	Disb. Adj.: 56	3910019625	MLDC I, LLC 77% of Moses Lake revenue (through 9-12-19)	\$49,610.58
09/20/19	Disb. Adj.: 58	3910019625	MLDC I, LLC 77% of Moses Lake revenue (through 9-19-19)	\$49,924.66
09/23/19	Check: 249	3910019625	TNT Business Complexes, LLC Lease payment for October 2019 (TNT facility)	\$11,600.00
09/27/19	Disb. Adj.: 60	3910019625	MLDC I, LLC Rent / utilities due for Moses Lake facility (September 2019)	\$99,220.01
				\$271,170.20
6006-002 Taxes - State				
6006-002 Taxes - State				
09/13/19	Check: 238	3910019625	Washington State Department of Revenue 604-067-749, Giga Watt, Inc., B&O taxes due for August 2019	\$5,334.32
				\$5,334.32
6007-000 Professional Fees & Expenses				
6007-000 Professional Fees & Expenses				
09/13/19	Check: 239	3910019625	Stretto Invoice #3092	\$5,976.99
				\$5,976.99

6007-013 Consultant for Trustee Fees

09/23/19	Check: 241	3910019625	Lauren Miehe Invoice dated 9-22-19 (work at TNT facility through 9-20-19)	\$4,275.00
09/23/19	Check: 242	3910019625	Lauren Miehe	\$1,912.50

GIGA WATT INC. (18-03197-FPC11)

Operating Statement

Period: 09/01/19 - 09/30/19

09/23/19	Check: 244	3910019625	Invoices dated 9-8-19 & 9-22-19 (Moses Lake facility through 9-20-19) Allen Oh	\$6,000.00
09/23/19	Check: 245	3910019625	Invoices #27 and #28, Moses Lake facility through 9-20-19 Austin Harrison	\$2,400.00
09/23/19	Void: 246	3910019625	Invoice dated 9-22-19 (Moses Lake facility through 9-21-19) Skyler Simpson	\$0.00
09/23/19	Check: 247	3910019625	Invoice dated 9-22-19 (Moses Lake facility through 9-20-19), less overpayment of \$375.00 on invoice dated 9-8-19 Porfirio Jaimes	\$1,543.25
09/23/19	Check: 248	3910019625	Invoice dated 9-22-19 (TNT facility through 9-20-19) David Knowles	\$1,022.00
09/23/19	Check: 250	3910019625	Skyler Simpson	\$1,225.00
09/23/19	Check: 251	3910019625	Invoice dated 9-22-19 (Moses Lake), less \$275.00 overpayment on invoice dated 9-8-19 Skyler Simpson	\$400.00
			Invoice dated 9-22-19 (TNT facility through 9-20-19)	<hr/> \$18,777.75

6007-014 Consultant for Trustee Expenses

09/23/19	Check: 243	3910019625	Lauren Miehe Reimbursement for costs at TNT facility (Invoices dated 9-8-19 & 9-22-19)	\$749.74
				<hr/> \$749.74

\$25,504.48

6010-000 Other Expenses

6010-000 Other Expenses

09/04/19	Disb. Adj.: 52	3910019625	Public Utility District No. 1 of Douglas County Payment to resume electrical service to TNT facility (\$53,820 arrears, \$98,925 deposit, \$1767 connection fee)	\$154,512.00
09/13/19	Check: 240	3910019625	Waste Management of Wenatchee Customer ID #19-19019-33003, Invoice #1821692-2674-9	\$124.28

\$154,636.28**Total Expenses**

\$456,645.28**Net Income**

\$-160,766.95

Period Covered:
August 31, 2019 - September 30, 2019
Page 1 of 11
18-03197-FPC11
GIGA WATT INC
DEBTOR
670070
Mr. Mark D. Waldron
TRUSTEE

RECEIVED

OCT 08 2019

Law Offices of
Mark D. Waldron, PLLC

Case Number
Case Name
Trustee Number
Trustee Name

Questions:
800.634.7734
banking.services@stretto.com
www.stretto.com

Consolidated Balance Summary

Account	Number	Ending Balance Prior Period	Ending Balance This Period
Checking Account			
TRUSTEE CHECKING	9625	\$333,924.44	\$91,248.22
Total		\$333,924.44	\$91,248.22

Notable Information For You...

Please follow these guidelines when printing payroll checks through a third party company: 1) Open a separate DDA account for payroll activity. 2) Provide the account number and Metropolitan Commercial Bank ABA number to your payroll processor. 3) Ask the payroll company to begin the check sequence at 1000 and provide check data in an Excel (.xlsx) or comma-delimited (.csv) format at least 3 days before checks are issued. 4) Send this data file to Stretto at least 48 hours before issuance.

Period Covered:
August 31, 2019 - September 30, 2019
Page 2 of 11
18-03197-FPC11
GIGA WATT INC
DEBTOR
670070
Mr. Mark D. Waldron
TRUSTEE

Questions:
800.634.7734
banking.services@stretto.com
www.stretto.com

Mr. Mark D. Waldron
6711 Regents Blvd West
Tacoma WA 98466

Case Number
Case Name
Trustee Number
Trustee Name

TRUSTEE CHECKING

Account Number: **9625**

Enclosures	25	Beginning Balance	\$333,924.44
		+Total Additions	\$295,878.33
		-Total Subtractions	\$538,554.55
		Ending Balance	\$91,248.22

* Indicates a Skip in Check Number(s)
"E" Indicate an Electronic Check

Checks

Check #	Date	Amount
221	09-03	\$562.50
224*	09-12	\$11,600.00
225	09-03	\$6,075.00
226	09-12	\$2,400.00
227	09-03	\$2,000.00
228	09-03	\$1,535.50
229	09-04	\$6,000.00
230	09-04	\$22.01
231	09-16	\$6,000.00
232	09-17	\$6,000.00
233	09-25	\$2,400.00
234	09-17	\$2,000.00
235	09-16	\$1,500.00
236	09-05	\$3,827.11
237	09-11	\$134.88
238	09-19	\$5,334.32
240*	09-24	\$124.28
241	09-30	\$4,275.00
242	09-30	\$1,912.50
243	09-30	\$749.74
244	09-30	\$6,000.00
247*	09-30	\$1,543.25
248	09-30	\$1,022.00
250*	09-30	\$1,225.00
251	09-30	\$400.00

Debits

Date	Description	Subtractions
09-03	WIRE TO MLDC 1 LLC	\$49,829.26
09-04	WIRE TO PUD NO 1 OF DOUGLA	\$154,512.00
09-09	WIRE TO MLDC 1 LLC	\$60,814.95
09-13	WIRE TO MLDC 1 LLC	\$49,610.58

Period Covered:
August 31, 2019 - September 30, 2019
Page 3 of 11
Subtractions
\$49,924.66
\$99,220.01

Date
09-20
09-30

Description
WIRE TO MLDC 1 LLC
WIRE TO MLDC 1 LLC

Credits

Date	Description	Additions
09-05	WIRE FROM COINME INC	\$60,814.95
09-12	WIRE FROM COINME INC	\$64,429.33
09-16	dep no 100013	\$24,765.80
09-19	WIRE FROM COINME INC	\$72,779.15
09-26	WIRE FROM COINME INC	\$73,089.10

Daily Balances

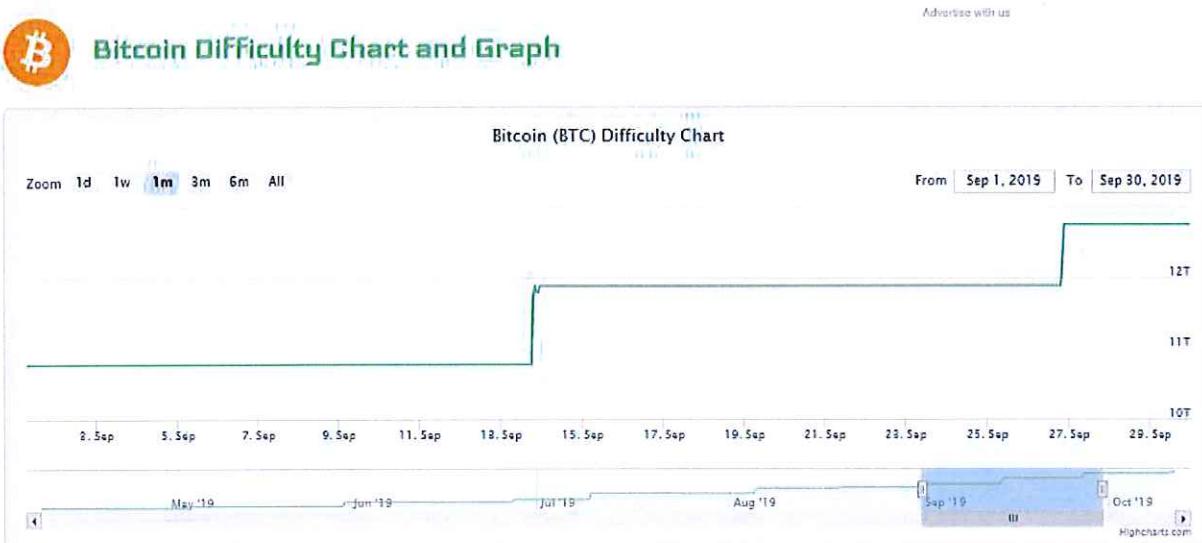
Date	Amount	Date	Amount	Date	Amount
09-03	\$273,922.18	09-04	\$113,388.17	09-05	\$170,376.01
09-09	\$109,561.06	09-11	\$109,426.18	09-12	\$159,855.51
09-13	\$110,244.93	09-16	\$127,510.73	09-17	\$119,510.73
09-19	\$186,955.56	09-20	\$137,030.90	09-24	\$136,906.62
09-25	\$134,506.62	09-26	\$207,595.72	09-30	\$91,248.22

Executive Summary: For the calendar month of September 2019, the Moses Lake Data Center (MLDC) generated gross revenue of \$256,422 which represented a 17% drop in revenue from August 2019 of \$309,263. Revenue from Bitcoin dropped 14%, moving from \$201,527 in August to \$172,601 in September. ETH revenue dropped by 14%, moving from \$35,015 in August to \$30,192 in September. LTC mining revenue dropped 26%, moving from \$72,722 in August to \$53,629 in September.

Starting September 12th, the reactivation of the TNT facility at East Wenatchee began and mining for Litecoin and Bitcoin restarted. The revenue generated for the partial month of September for Bitcoin was \$30,408 and \$3,660 for Litecoin.

The total gross revenue generated combined for both sites for September was \$290,490.

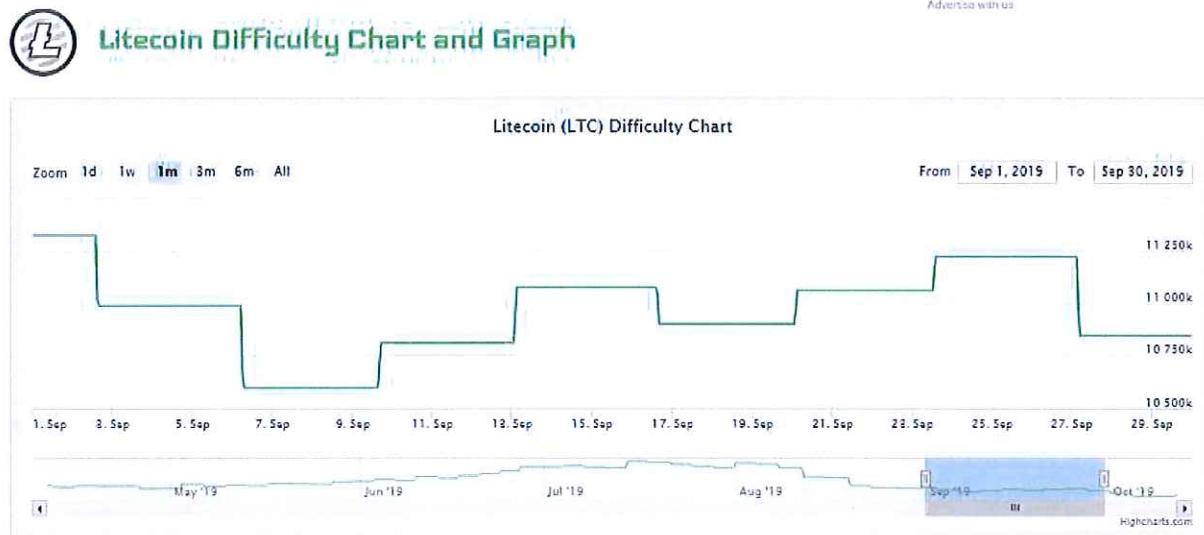
Bitcoin Mining: Revenues for MLDC declined primarily due to increasing global difficulty due to new technology shipping. A secondary issue was the price pressure, which dropped from \$9,630/BTC on September 1st to \$8,104/BTC on September 30th. We can expect to see declining revenues from BTC mining unless we get upward price movement in the market.



Litecoin Mining: The effects of the Litecoin reward halving rewards from August continued to be felt in September, where machines were turned off for the last six days of the month as the power cost of mining exceeded the rewards. This was exacerbated by a big drop in price of LTC as well during the month, moving from \$64.45/LTC on September 1st to \$54.31/LTC by September 30th. As bad as results looks, the silver lining is that at the time of this writing, the drop in LTC has again made LTC mining profitable and the machines were turned back on in early October. For the days we were mining in Moses Lake, we increased the average number of LTC coins mined daily to 31.8, up from 29.2 in September, due to the drop-in difficulty.

It's important to note that the power cost of \$0.035/kwh at MLDC, and now \$0.025 at TNT, gives us an ongoing advantage against global competitors, especially around LTC mining. The reason is that the bulk of new investment in mining hardware continues to be made in BTC mining, not LTC mining, so we just need to be more strategic about our use of our LTC mining hardware.

If LTC pricing stays stable and/or difficulty drops or even stabilizes worldwide, we can expect to see month on month stabilization in revenue, or even growth, from LTC.



Ethereum Mining:

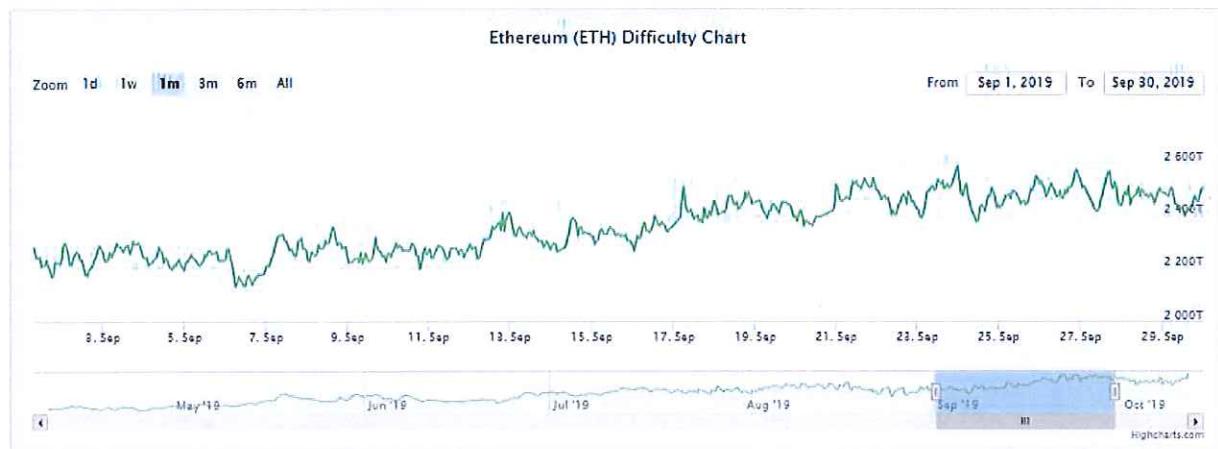
The month on month drop of revenue for Ethereum mining was due primarily due to the increase in difficulty, which increased roughly 10% over the course of the month.

The average sales price of an ETH token in was \$172 on September 1st and closed at \$170 on September 30th.



Ethereum Difficulty Chart and Graph

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In summary, we have no reliable market indicators that prices for BTC, LTC or ETH will increase. Assuming the case that market prices are stable, we can assume that BTC mining rewards will continue to decrease due to increasing difficulty. We still have good margins on a per machine basis so it's profitable to continue operating these machines. We expect LTC revenues will begin to recover due to dropping difficulty but must be sensitive to both price and difficulty on a daily basis. Finally, ETH mining, which is currently the most profitable technology to mine per kilowatt hour, will likely remain our best long-term technology equipment into 2020. There are additional efficiencies we can extract from our existing ETH mining equipment to increase both revenue and reduce costs.